97-84013-24

Elliott, Howard

The New York,
New Haven and Hartford...

[n.p.]

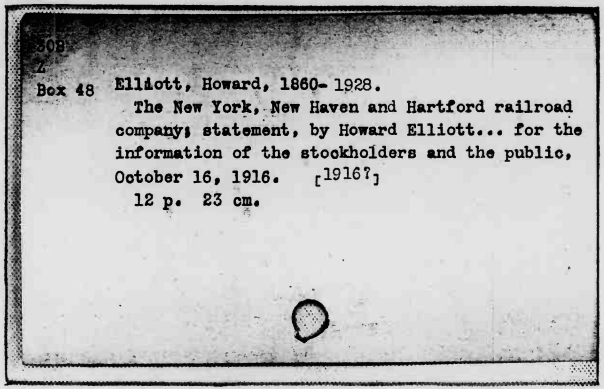
1916

97-84013-24
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD


309
Z
Box 48
Elliott, Howard, 1860- 1928.
The New York, New Haven and Hartford railroad company; statement, by Howard Elliott... for the information of the stockholders and the public, October 16, 1916. [1916?]
12 p. 23 cm.

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35 mm REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 2-5-97 INITIALS: MS

TRACKING # : MSH 21094

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY

308
Z
Bat 48

STATEMENT

by

HOWARD ELLIOTT
Chairman and President

For the Information of the Stockholders and the Public

October 16, 1916

October 16, 1916.

To the Stockholders and to the Public:

In reading over editorial comments in the New England newspapers about the general business and railroad situation, there was found an editorial in which it was suggested that the expenses of the New Haven road are unduly high as compared with other roads and that if proper attention were given to the expenses they could be reduced very materially. If the writer of this editorial is correct, it is obvious that the management should be taken to task and should make more strenuous efforts than it is now making. If the writer is incorrect, an erroneous impression is given that does harm in many directions. The press of New England has been very fair and helpful in the work that is now being done to try to put the New Haven system in a position to serve New England properly and ultimately pay a return to the unfortunate stockholders. It is believed that the editorial in question was written without full knowledge of the facts, and, therefore, it seems well to present to the public and the stockholders, for their careful consideration some actual facts and comparisons.

No one railroad is exactly like any other railroad; some railroads have one set of difficulties to deal with and others have another kind, so that comparisons are somewhat difficult. In spite of this, however, the following figures will be helpful in setting forth the situation. It is unfortunate that a great many figures have to be presented, but the subject is so large and important that these figures should be examined carefully by everyone interested.

The figures show that in 1915 the New Haven and Central New England roads spent less of their gross earnings for expenses than did any of the other New England roads. They did better than any of the trunk lines, but were excelled by the coal carrying roads, who do a very large carload business. For the year 1916 the Central New England did better than any road listed, and the New Haven did better than any other except the coal roads, some of the trunk lines, which have a long haul, the Boston & Albany and the Long Island. The facilities of all of these roads are rather more highly developed and they are better equipped than the New Haven to

take on the big load of the business of 1916. An overloaded plant, man or railroad cannot do the best work, and for reasons that are well known, additions to the plant of the New Haven road have not been as great during the last ten years as they should have been.

The Central New England figures are interesting as that is a road that has a limited amount of passenger business and a large carload business. It will be noticed that it makes a relatively good showing even when compared with the coal roads. It is supervised and directed by the same people that look after the New Haven road.

TABLE No. 1.

PROPORTION OF EACH DOLLAR OF GROSS REVENUE USED FOR ALL OPERATING EXPENSES BY THE ROADS NAMED FOR THE YEARS ENDING JUNE 30, 1915 AND JUNE 30, 1916

	1915	1916
NEW ENGLAND ROADS:		
Boston & Albany	70.71	64.94
Boston & Maine	76.94	69.51
Central New England	63.44	54.15
New York, New Haven & Hartford	67.49	66.93
Rutland	73.20	68.07
COAL ROADS:		
Central Railroad of New Jersey	65.93	63.14
Delaware & Hudson	64.76	63.15
Delaware, Lackawanna & Western	63.68	59.82
TRUNK LINES:		
Baltimore & Ohio	69.62	71.03
Erie	75.49	65.48
New York Central	70.21	63.52
Pennsylvania	75.99	70.54
PASSENGER & MERCHANDISE LINE:		
Long Island	68.14	66.61
LIGHT TRAFFIC LINE:		
New York, Ontario & Western	73.30	69.37

TABLE No. 2.

PROPORTION OF EACH DOLLAR OF GROSS REVENUE SPENT FOR "CONDUCTING TRANSPORTATION."

	1915	1916
NEW ENGLAND ROADS:		
Boston & Albany	40.77	37.37
Boston & Maine	43.27	41.78
Central New England	32.27	33.73
New York, New Haven & Hartford	36.65	37.26
Rutland	39.00	34.84
COAL ROADS:		
Central Railroad of New Jersey	34.66	34.86
Delaware & Hudson	36.03	33.45
Delaware, Lackawanna & Western	32.14	31.53
TRUNK LINES:		
Baltimore & Ohio	37.31	32.99
Erie	36.27	35.53
New York Central	34.21	31.49
Pennsylvania	36.99	34.27
PASSENGER & MERCHANDISE LINE:		
Long Island	41.66	40.21
LIGHT TRAFFIC LINE:		
New York, Ontario & Western	39.39	38.72

For "Conducting Transportation," which is the account that represents the cost of operating the plant as distinguished from maintenance and administration, the New Haven, in 1915, before it was overloaded so badly, compared reasonably with many others, and it was even lower than any road except the coal roads, New York Central, and its own Central New England.

TABLE No. 3.

GENERAL EXPENSES PER MILE AND PER CENT. OF GROSS REVENUE. (This is the account that carries the cost of management and administration.)

NEW ENGLAND ROADS:	1915		1916	
	Per Mile	%	Per Mile	%
Boston & Albany	$1015	2.41	$1214	2.40
Boston & Maine	513	2.53	538	2.38
Central New England	163	1.23	187	1.17
New York, New Haven & Hartford	804	2.46	876	2.30
Rutland	151	2.03	160	1.93
COAL ROADS:				
Central Railroad of New Jersey	877	2.08	1049	2.14
Delaware & Hudson	854	3.31	963	3.29
Delaware, Lackawanna & Western	948	2.11	1027	1.99
TRUNK LINES:				
Baltimore & Ohio	491	2.42	548	2.23
Erie	628	2.28	686	2.09
New York Central	727	2.55	748	2.16
Pennsylvania	1095	2.70	1140	2.35
PASSENGER & MERCHANDISE LINE:				
Long Island	879	2.62	988	2.76
LIGHT TRAFFIC LINE:				
New York, Ontario & Western	335	2.14	358	2.28

AMOUNTS ACTUALLY PAID OUT BY THE NEW HAVEN AND CENTRAL NEW ENGLAND FOR AUGUST, FOR FOUR YEARS, FOR THE ACCOUNTS SHOWN.

SALARIES AND EXPENSES OF GENERAL OFFICERS.

August, 1913	$15,119.82
1914	16,092.30
1915	13,497.36
1916	14,061.94

AMOUNTS ACTUALLY PAID OUT BY THE NEW HAVEN AND CENTRAL NEW ENGLAND, FOR AUGUST, FOR FOUR YEARS, FOR THE ACCOUNTS SHOWN AND WHICH ARE CHARGED TO GENERAL EXPENSES.

LEGAL EXPENSES.

August, 1913	$35,716.73
1914	17,244.41
1915	16,583.01
1916	12,487.78

SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS.

	Salaries and Expenses	Gross Earnings
August, 1913	$61,415.99	$6,481,227.22
1914	63,561.39	6,071,786.09
1915	62,919.88	6,622,264.20
1916	91,567.73	7,665,581.27

The increase in clerks is due to higher wages, a larger volume of business, the steadily increasing number of reports and to the transfer of certain clerks to the general office that were heretofore carried at divisional offices and under different accounts.

The work of valuation under the Federal law cost as follows:

August, 1913	$.....
1914	7,313.50
1915	13,797.02
1916	18,697.46

and pensions cost

August, 1913	$12,678.51
1914	14,235.78
1915	14,677.76
1916	16,829.23

An examination of the expenses of administration under the head of "General Expenses" indicates that the proportion of gross revenue used by these expenses is higher than for some roads but lower than for many, and the cost per mile shows the same variations. Here again it should be remembered that because of geographical and commercial complications the New Haven is

obliged to maintain administrative offices in Boston, New Haven and New York, an added expense that many roads do not have because nearly all of them are able to maintain their principal offices in one place. This, and the fact that the road does a retail rather than a wholesale business, adds to the administrative expenses.

In 1916 the New Haven was unable to take advantage of the large increase in business because its plant was not adequate and because the plants of many receivers of freight were insufficient to release freight cars promptly. In spite of the very bad weather, congestion on the road and numerous labor troubles, the percentage of total operating expenses decreased .56 per cent.

In making any comparisons of the results for the railroads in New England, it should be borne in mind that fuel costs these roads very much more than it does roads like the New York Central, the Pennsylvania and the coal roads, all of which have tracks directly to coal mines. This increases the cost to the New Haven in a year at least $3,500,000, and yet the general basis of rates, both freight and passenger, is no higher than on these roads, and in numerous instances is lower.

TABLE No. 4.

GROSS EARNINGS PER MILE.

NEW ENGLAND ROADS:	1915	1916
Boston & Albany	$42,120	$50,611
Boston & Maine	20,276	22,623
Central New England	13,351	16,047
New York, New Haven & Hartford	32,638	38,064
Rutland	7,433	8,278
COAL ROADS:		
Central Railroad of New Jersey	42,079	48,927
Delaware & Hudson	25,782	29,270
Delaware, Lackawanna & Western	44,902	51,577
TRUNK LINES:		
Baltimore & Ohio	20,246	24,600
Erie	27,558	32,756
New York Central	28,495	34,703
Pennsylvania	40,565	48,472

PASSENGER & MERCHANDISE LINE:	1915	1916
Long Island	33,494	35,788
LIGHT TRAFFIC LINE:		
New York, Ontario & Western	15,704	15,731

TABLE No. 5.

NET OPERATING REVENUE PER MILE AFTER DEDUCTIONS FOR TAXES.

NEW ENGLAND ROADS:	1915	1916
Boston & Albany	$10,497	$15,776
Boston & Maine	3,814	6,034
Central New England	4,422	6,802
New York, New Haven & Hartford	9,352	11,158
Rutland	1,554	2,205
COAL ROADS:		
Central Railroad of New Jersey	12,235	15,360
Delaware & Hudson	8,335	10,040
Delaware, Lackawanna & Western	14,110	18,410
TRUNK LINES:		
Baltimore & Ohio	5,418	6,309
Erie	5,940	10,229
New York Central	6,942	11,193
Pennsylvania	8,034	12,541
PASSENGER & MERCHANDISE LINE:		
Long Island	8,491	9,668
LIGHT TRAFFIC LINE:		
New York, Ontario & Western	3,767	4,359

TABLE No. 6.

RESULTS OF NEW HAVEN AND CENTRAL NEW ENGLAND ROADS FOR AUGUST.

	1913	1914	1915	1916
Total Operating Revenue	$6,481,000	$6,071,000	$6,622,000	$7,665,000
Total Operating Expenses	4,245,000	4,132,000	4,099,000	4,761,000
Net Operating Revenue	$2,236,000	$1,939,000	$2,523,000	$2,904,000
Taxes	330,000	231,000	248,000	274,000
Operating Income	$1,906,000	$1,708,000	$2,275,000	$2,630,000
Miscellaneous Income	248,000	255,000	133,000	165,000
Gross Income	$2,154,000	$1,963,000	$2,408,000	$2,795,000
Fixed Charges	1,557,000	1,571,000	1,647,000	1,681,000
Net Income	$597,000	$392,000	$761,000	$1,114,000
Net Earnings per Train Mile	.98	.93	1.26	1.31
Ratio of Operating Expenses to Operating Revenue	65.5%	68.1%	61.9%	62.1%

Wages are much higher today than in 1913 and 1914 and the same is true of nearly all materials.

A study of these figures, therefore, shows that the editorial in question was based on some misunderstanding of the situation. The Directors and officers of the Company are struggling with a most difficult problem, and it is to the interest of all in New England to help in every reasonable way and not to give wrong impressions. With that help, the sooner can the millions for the extension of facilities be obtained. The management is keenly alive to the inability of the property to do all that should be done to give adequate and perfect service at all times and to make those economies which should be made if the facilities of the road were adjusted properly to its business.

The volume of freight business now being done by the Company in a year is equal to moving more than 3,000,000,000 tons of freight one mile or 8,000,000 tons moved one mile every day. If, by wise expenditures for improved facilities, such as modern engines, better freight terminals, better tools, etc., careful statements of costs and adequate and close supervision, a saving could be made of only one-tenth of a cent, or one mill, in handling a ton one mile, the saving would be $3,000,000 a year, which added sum could be spent for more improvements in order to bring the property up to a modern condition of efficiency. The management is working just as hard as it can to bring about these conditions, but much money, time and patience are needed.

The management welcomes just criticism of every kind, but believes that criticism based on lack of knowledge has a bad effect.

In the last two fiscal years the Company has paid of its floating debt in the hands of the public nearly $9,500,000, and has arranged to get nearly $10,500,000 worth of new equipment, and has expended for improvements and betterments to its property and for necessary advances to subordinate properties nearly $6,-650,000.

All manufacturing enterprises have been, and are having a difficult time in New England on account of higher prices for labor and material, and the new Haven road is no different from the others, except that it has been unable to raise the price of its product, transportation, in the way all other manufacturers have raised their prices.

The New Haven is nothing but a great manufacturing plant producing transportation in countless forms and under very com-

plicated and difficult conditions in many places, conditions that can only be improved by spending many millions of dollars. This it is trying to do from savings, from the sale of property, and from the issue of new securities. Nearly everything that the railroad company buys and nearly all of the wages that it pays are very much higher than a year ago, and it is inevitable that rates must, sooner or later, be raised if the Company is to go on and make the improvements which are essential for the growth of all business in New England for the economical operation of the railroad and for the ultimate resumption of dividends.

The sooner the New England transportation agencies are able to furnish satisfactory service and have a margin for the expanding business of New England, the better it will be for all.

The press of New England can do much to expedite the process of rehabilitation by being accurate, fair and helpful.

Therefore, in the interest of New England, which needs better and more transportation, and of the stockholders who need dividends, these facts and figures are submitted.

HOWARD ELLIOTT,
Chairman and President.

NSH 21094

END OF
TITLE